

Knowing of your interest in Energy and Environmental policy I thought you would be interested to know of recent initiatives in Washington to address climate change. On March 31st, Representatives Henry Waxman and Edward Markey released a discussion draft of their comprehensive energy legislation that would establish a cap and trade scheme to reduce greenhouse gas (GHG) emissions. This proposal goes hand-in-hand with President Obama's proposed budget that contained at least \$646 billion in anticipated cap and trade taxes over eight years. Other studies indicate that this cap and trade proposal could cost taxpayers over \$2 trillion over the same period, making it the third largest source of tax revenue for the federal government-costing the average American household up to an additional \$3,128 per year.

While I believe that we should take every practical measure to reduce GHG emissions, it is equally important that such action does not place undue harm on our economy, particularly during times such as these. A cap and trade system would require a "cap" on the amount of carbon dioxide that can be emitted by a certain entity and then allow that entity to "trade" carbon offsets for emissions above or below that cap. However, regardless of any free market incentives a cap and trade scheme may appear to offer, in practice it would cause these businesses - any entity that emits GHGs - to pass these additional compliance costs on to consumers, thus proving to be an inadvertent and substantial tax on the American people.

Furthermore, the science can not yet confirm whether these emissions reductions goals and their economic implications could even serve much benefit. An analysis on similar cap and trade legislation that was debated by the Senate last summer estimated that the proposal would have reduced global temperatures by only *eighteen one-hundredths of one degree* by 2050. For these reasons I believe we should instead allow the true free market to tackle climate change by giving our businesses, consumers, and industry every incentive to develop and utilize the alternative energy technologies that will lead to significant reductions in GHG emissions. Market oriented-solutions will come sooner and at less cost than state and federally mandated regulations and government bureaucracy.